



February 20, 2019

The Honorable Richard Neal
Chairman
House Committee on Ways and Means

The Honorable Kevin Brady
Ranking Member
House Committee on Ways and Means

Re: SPARK Supports Measures to Simplify and Modernize Plan Administration

Dear Chairman Neal and Ranking Member Brady:

On behalf of the SPARK Institute, Inc., I want to thank you for holding a full Committee hearing entitled “*Improving Retirement Security for America’s Workers*” and the robust discussion you had on proposals to simplify and modernize retirement plan administration.

The SPARK Institute believes that retirement security is the shared responsibility of individuals, employers, government, and the providers, consultants, and advisors who serve them. We represent the interests of a broad-based cross section of retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third-party administrators, trade clearing firms and benefits consultants. Collectively, our members serve approximately 85 million employer-sponsored plan participants.

As your Committee continues to explore ways to enhance retirement security, we strongly encourage you to consider the following proposals, many of which were raised during the hearing, intended to simplify and modernize retirement plan administration. These matters have been identified by our members as key areas for improving our private retirement system.

- **Facilitate Coverage Through Open MEPs.** SPARK believes that it should be easier – not harder – for small employers to offer retirement plans. We believe that open multiple employer plans (“MEPs”) would help expand retirement plan coverage, especially for small businesses, because of the reduced costs and economies of scale that would be made possible by open MEPs. However, existing DOL guidance has limited the ability of unrelated employers to pool together to offer their employees access to retirement plans at an affordable cost. SPARK strongly supports the provisions in the Retirement Enhancement and Savings Act (RESA) that would allow unrelated employers to join together through a single MEP and eliminate the “one-bad-apple” rule.
- **Support for Lifetime Income Options.** SPARK believes that retirees deserve access to guaranteed lifetime income options. Accordingly, SPARK supports the measures, included in RESA, to address portability issues that impede lifetime income investments and an improved fiduciary safe harbor for plan sponsors when selecting an annuity provider.
- **Increasing the Use of Automatic Features.** SPARK believes that auto-features are a true success and retirement policy makers should continue to build on that success. Since the

Pension Protection Act of 2006, auto-enrollment and auto-escalation have been critical tools in helping to overcome the problem of inertia as it relates to employees participating in retirement plans and increasing contributions over time. SPARK is very supportive of the RESA provisions that would eliminate the 10 percent cap from the automatic enrollment safe harbor and establish a new \$500 tax credit for employers who adopt auto features.

- **Permitting Default Electronic Delivery of Disclosures.** SPARK believes that the default delivery method for retirement plan related documents should be electronic delivery. Electronic delivery empowers retirement plan participants by providing them access to real-time information about their retirement benefits and other online tools that can assist with retirement planning. However, existing regulations prevent retirement plan providers from fully implementing this technology to improve their communications with retirement savers. SPARK strongly supports the RETIRE Act (H.R. 4610 in the 115th Congress), introduced by committee members Representative Polis and Representative Roe, because it allow employers the ability to make electronic delivery the default delivery method for retirement plan related documents.

We greatly appreciate your interest in these important retirement security issues and look forward to working together to ensure all Americans are able to achieve a financially secure retirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Rouse', with a stylized flourish at the end.

Tim Rouse
Executive Director
The SPARK Institute, Inc.